

the burden of proof and must demonstrate, by a preponderance of the evidence, that the proposed transactions serve the public interest.⁴³

As demonstrated below, the Applications fall well short of satisfying the requisite burden of proof with respect to technical or financial qualification as well as character. Specifically, only minimal factual data addressing technical capability, and no factual data purporting to show financial capability, in the context of this proceeding has been supplied. Disturbing questions (including an apparent guilty plea to a felony charge for a crime of dishonesty under federal law) exist pertaining to character. Further, serious questions exist pertaining to citizenship and ownership structure. Thus, the Applications fail, as a matter of law, to satisfy the requisite burden of proof (*i.e.*, by a preponderance of the evidence), and therefore, must be denied.

Given that the Commonwealth market is a monopoly market for substantially all telecommunications services, and virtually no competitive alternatives exist, it is critical that PTI be determined, on the record, to be qualified to operate the network. Anything less could harm ratepayers in the Commonwealth, and may have an adverse impact upon critical infrastructure services and U.S. strategic interests in the Commonwealth.⁴⁴

⁴³ See *MCI/WorldCom Order* at 18032. As outlined in the *MCI/WorldCom Order*, applications under Section 214(a) of the 1934 Act must also be shown, by a preponderance of the evidence, to be in the public interest, with the burden of proof resting on the applicant. See *MCI/WorldCom Order* at 18030-18031. The transfer of the cable landing license must also be found to be in the public interest and consistent with the Cable Landing License Act, which provides, in part “The President may withhold or revoke such license when he shall be satisfied...that such action...will promote the *security* of the United States, or may grant such license upon such terms as shall be necessary to assure just and *reasonable rates* and *service* in the operation and use of cables so licensed.” See 47 U.S.C. § 35 (emphasis added). Also see *Foreign Participation Order* at 23932. As discussed herein, the transaction is not in the public interest as it threatens national security (*see supra* at 11-14), threatens to raise rates in the Commonwealth (*see infra* at 23-26), and threatens service quality in the Commonwealth as applicants have not demonstrated their technical competency (*see infra* at 18-19). Thus, the transfer of the cable landing license should be denied as it is not consistent with the Cable Landing License Act and is not in the public interest as provided herein.

⁴⁴ See *supra* at 9-14.

A. PTI Fails To Demonstrate That It Is Technically Competent To Assume Operation Of The Commonwealth's Network.

PTI has not shown that it has the requisite technical experience or expertise to operate the sole-source, monopoly telecommunications network in the Commonwealth.

The investment vehicle PTI consists of a consortium of businesses that, according to the Applications and Petition, have only minimal and limited telecommunications expertise. Based on the filings submitted, PTI's only alleged knowledge of operating telecommunications facilities is through Prospector, whose interests in a Philippine-based provider named Isla Communications, Inc. ("Islacom") were divested in 1999.⁴⁵ The claimed experience through Prospector is questionable at best, as it is unclear as to whether any Prospector employees with telecommunications expertise remained after the divestiture.

Even if Prospector still has employees with telecommunications expertise associated with its ownership of Islacom, that expertise almost certainly does not cover the wide range of facilities and services encompassed within MTC's broad-based operations.⁴⁶ Further, as Prospector's involvement in Islacom appeared to cease in 1999, the knowledge which any remaining employees may have derived from the operations is likely outdated in today's marketplace, as communications technology has changed substantially since 1999. In short,

⁴⁵ See e.g., Petition at 4. The Commonwealth is also concerned with the facts surrounding the divestiture as they pertain to technical and possibly financial qualifications. For instance, according to the 1999 Regional Development Report issued by the National Economic and Development Authority, Regional Office Number 7, a Philippine governmental agency responsible for central planning and infrastructure, Islacom fell short of its commitments to the Philippine government in terms of service coverage due to internal and external problems associated with the company. The company's service coverage commitment with the Philippine government was to be completed by 1998, but, due to its failure to comply, was extended under a "catch-up" program allowing a timeframe of between 1999-2003. See <http://www.neda7.net.ph/RDR99/Chapter4.htm> (visited May 20, 2002).

⁴⁶ As outlined above, MTC is either the only provider or the dominant provider in the Commonwealth of the following range of telecommunications services utilizing diverse technologies: local exchange and local access, wireless, off-island long distance and international calling, Internet and Internet backbone capability. See *supra* at 8-9.

PTI's technical expertise is almost certain to be outdated and even if it is not, is insufficient to immediately assume the operations of MTC's monopoly network. If PTI -- given its lack of demonstrated technical competence -- is allowed to purchase MTC, service quality is likely to suffer in the Commonwealth.⁴⁷

B. Serious Concerns Exist With Respect To Character Which Cast Doubt On PTI's Competency To Operate The Network In The Commonwealth.

The Commonwealth has serious concerns regarding whether PTI possesses the requisite character to operate its sole-source monopoly telecommunications system.⁴⁸

According to testimony before the U.S. House of Representatives, Tan Holdings (which wholly-owns THC Communications, which, in turn, has the ability to exercise control over the buyer, PTI⁴⁹) plead guilty to a felony charge for a crime of dishonesty under federal law.⁵⁰ Pleading guilty to a felony, particularly one involving a crime of dishonesty under federal law, is

⁴⁷ The importance of service quality issues in the context of this transaction cannot be understated. In his opening statements at the Commission's December 14, 1998 *En Banc* hearing regarding telecommunications mergers, former Chairman William K. Kennard repeatedly emphasized the importance of a merger's impact on telephone service quality. He further indicated that a merger's impact on service quality should be one of the primary questions addressed in analyzing a proposed merger under the public interest standard.

⁴⁸ Tan Holdings, and its affiliates, operate wide-scale garment manufacturing operations in the Commonwealth. Affiliates of Tan Holdings engaged in garment production in the Commonwealth include 1) Concorde Garment Manufacturing Corporation; 2) Global Manufacturing, Inc.; and 3) Trans-Asia Garment Forte Corporation. See <http://www.tanholdings.com/ltagment.asp> (visited June 2, 2002).

⁴⁹ Under a shareholders agreement referenced in PTI's petition (but not filed in this proceeding), it was agreed that 50% of the board of directors of PTI would be nominated by THC Communications. See Petition at 3.

⁵⁰ See Testimony of Albert H. Meyerhoff before the U.S. House of Representatives, House Natural Resources Committee, Regarding the Conditions in the Garment Industry of the U.S. Commonwealth of the Northern Mariana Islands (Sept. 16, 1999), available at <http://resourcescommittee.house.gov/106cong/fullcomm/99sept16/meyerhoff.htm> (visited June 7, 2002). In his testimony, Mr. Meyerhoff stated "Tan's company also pled guilty to felony charges for violating 18 U.S.C. § 1001, prohibiting fraudulent or false statements to the government."

irrefutable evidence of bad character under Commission policy.⁵¹ Such evidence seriously calls into question PTI's fitness to hold the licenses at issue and to assume MTC's operations. Further, the Commission has previously stated:

...[w]e believe a propensity to comply with the law generally is relevant to the Commission's public interest analysis, and that an applicant's or licensee's willingness to violate other laws, and, in particular, to commit felonies, also bears on our confidence that an applicant or licensee will conform to FCC rules and policies.⁵²

Thus, the guilty plea also raises serious concerns as to whether PTI will comply with Commission rules and policy.

Tan Holdings is also currently a defendant in ongoing litigation before the United States District Court for the Northern Mariana Islands, in *Does I, et al., On Behalf of Themselves and All Others Similarly Situated v. The Gap, Inc., et al.*, (Case No. CV-0100031). This class action case was originally filed in 1999 in the Central District of California, and was later transferred to Hawaii and then to Saipan.⁵³ The lawsuit, brought on by approximately 50,000 young, non-citizen garment workers, challenges the Saipan garment production system based on, *inter alia*, peonage or indentured servitude.⁵⁴ The plaintiffs allege violations of the Alien Tort Claims Act, the Racketeer Influenced and Corrupt Organizations Act, and other federal and state claims, including false imprisonment.⁵⁵ The lawsuits were filed, in part, on behalf of then-current and

⁵¹ See, e.g., *In re Policy Regarding Character Qualifications in Broadcast Licensing*, *Memorandum Opinion and Order*, 6 FCC Rcd. 3448, 3451, n. 3 (1991).

⁵² See *In re Policy Regarding Character Qualifications in Broadcast Licensing*, *Policy Statement and Order*, 5 FCC Rcd. 3252 (1990).

⁵³ See *Litigation Update: A Summary of Recent Developments in U.S. Cases Brought Under the Alien Tort Claims Act and Torture Protection Act*, *available at* <http://www.aclu.org/library/iclr/2001/> (visited June 12, 2002).

⁵⁴ *Id.*

⁵⁵ *Id.*

former employees of Tan Holdings based on its labor practices in connection with its garment factory operations.

Due to the controversial nature of its business practices as evidenced above, the Commonwealth is gravely concerned that Tan Holdings (through its control of THC Communications, which, in turn, has control of PTI) will carry those practices over into the operation of the Commonwealth's telecommunications network. Such practices would jeopardize the operations of MTC, and, in turn, the Commonwealth's telecommunications system. Moreover, Tan Holding's apparent guilty plea to a felony crime of dishonesty under federal law further calls into question PTI's fitness to hold the licenses at issue. In short, as Tan Holdings' labor and business practices clearly evidence a lack of good character, control and partial ownership of the Commonwealth's sole-source telecommunications system by Tan Holdings is not in the public interest.

C. PTI Does Not Even Attempt To Show That It Is Financially Qualified To Assume MTC's Operations In The Commonwealth.

PTI fails to even attempt to show that it possesses the requisite financial qualifications to operate the sole-source, monopoly telecommunications network in the Commonwealth.⁵⁶ Given the fact that virtually no competitive alternatives exist for telecommunications services in the Commonwealth, it is critically important that PTI demonstrate its financial qualifications to ensure that it will be able to undertake MTC's operations. Moreover, given the ongoing Asian market recession, financial qualification deserves careful attention in this proceeding. If PTI is unable to maintain operations and service quality due to financial difficulties or inadequacies,

⁵⁶ In other words, no financial information with respect to any of the principal shareholders, including the proposed 50% shareholder of PTI, Prospector, is supplied.

customers will be harmed by either degraded service,⁵⁷ or possibly discontinued services, within the Commonwealth.

D. Concerns Exist With Respect To Ownership and Citizenship.

The Applications fail to provide adequate information, or any supporting documentation, identifying the exact ownership interests in THC Communications Corporation, and, in turn, the citizenship of such owners.

According to the Applications, THC Communications Corporation is owned by Tan Holdings Corporation (“Tan Holdings”), which is in turn owned by “various Tan Family Trusts”(“Trusts”).⁵⁸ Thus, ultimate ownership of THC Communications, according the Applications, appears to be linked to the Trusts.

In characterizing the ownership interests in the Trusts, the Applications provide: “Twenty-four of the current twenty-seven beneficiaries of the trusts are CNMI/U.S. citizens, such that 93 percent of the beneficial interests in the trusts are currently attributable to U.S. Citizens and 7 percent of the beneficial interests in the trusts are attributable to foreign interests.”⁵⁹ However, while this statement provides a brief and unverifiable breakdown of the beneficial interests in the trusts, no definitive information is provided regarding whom the beneficiaries are, or the percentage of each beneficiary’s interest. Without further information⁶⁰ regarding the Trusts, including supporting documentation evidencing who exactly controls Tan

⁵⁷ See *supra* at 19, note 47.

⁵⁸ See *Petition* at 3.

⁵⁹ *Id.* at 3.

⁶⁰ The record is devoid of any information (*e.g.*, trust agreements, etc.) that can be used to completely discern and verify the ownership interests in THC Communications, Tan Holdings, and the various Tan Family Trusts.

Holdings, there is insufficient information in the record for the Commission to make a complete and conclusive determination as to the ownership interests in THC Communications and the citizenship of such owners under Section 308(b) (as well as under Section 310). At a minimum, given the disturbing character issues, the high level of foreign ownership, and the national security issues involved in this proceeding, more definitive and verifiable information must be obtained.

IV. THE PROPOSED TRANSACTION COULD UNDERMINE RATE INTEGRATION IN THE COMMONWEALTH.

The proposed transaction, if approved in its current form, has the very real potential to result in the loss of important products and services as well as comparatively low per minute pricing, thereby undermining rate integration in the Commonwealth in violation of Section 254(g) of the 1934 Act.⁶¹ Given that this would not be in the public interest, the Applications should be denied.⁶²

Sections 214(a) and 310(d) of the 1934 Act require the Commission to determine that the proposed transfers of control serve the public interest prior to issuing any order approving the Applications.⁶³ In evaluating whether the public interest is served by the transfers of control, the Commission must first find that they advance the broad goals of the Act which include “the

⁶¹ See 47 U.S.C. § 254(g).

⁶² Alternatively, and at a very minimum, should the Commission decide to approve the Applications, it should condition any approval on the requirement that PTI sustain all existing MTC product offerings at pricing not to exceed existing rate levels for at least three years. Further, any approval should be conditioned on a reaffirmation that PTI is required to integrate its rates with mainland U.S. rates notwithstanding its lack of a mainland U.S. operating company. This second condition is merely a reflection of the rate integration policy. See, e.g., *Geographic Rate Averaging Order* at 9586.

⁶³ See 47 U.S.C. §§ 214(a) and 310(d). See Also *In Re Applications For Consent to the Transfer of Control of Licenses and Section 214 Authorizations from Southern New England Telecommunications Corporation, Transferor to SBC Communications, Inc., Transferee, Memorandum Opinion and Order* in CC Dkt No. 98-25, FCC 98-276 (1998); *Bell Atlantic/NYNEX Order* at 20007-20008.

implementation of Congress' pro-competitive, de-regulatory national policy framework", as well as "preserving and advancing universal service."⁶⁴ Rate integration is an essential component of the principle of universal service, having been included as subsection (g) under Section 254 of the 1996 Act. Without rate integration, consumers located in insular and high cost areas of the Nation would be charged significantly higher rates for telecommunications services than rates charged for similar services in urban areas. Such a result would be in direct conflict with Section 254(g). Thus, the Commission's public interest determination in the instant proceeding must include an analysis of the effect of the merger on rate integration.

Such an analysis is particularly important here since the buyer of the Commonwealth telephone network under the proposed transaction lacks corresponding operations in the mainland U.S. through which rates can be systematically integrated. Under Verizon's current corporate structure, the company has substantial operations both in the mainland U.S. and, through MTC and GTE Pacifica, in the Commonwealth, facilitating integration of rates across corporate affiliates in a manner that has introduced service offerings and pricing to the Commonwealth market which are comparable to those available in the mainland U.S. This will not be the case with PTI, which will have no mainland U.S. operations. Exactly how this entity will integrate its rates must be carefully considered by the Commission as part of its analysis of the effect of the transaction on rate integration.

Since MTC is both the dominant off-island service provider and only nationwide provider with a recognizable presence in the Commonwealth, its departure from the market would mean the loss of the benchmark integration rate for the Commonwealth, potentially undermining comparatively low per minute rates. The sale of MTC to PTI will also invariably mean the loss

⁶⁴

Bell Atlantic/NYNEX Order at 19987.

of attractive Verizon calling plans stemming from the integration of Verizon products and services.

MTC has sustained drastically lower rates since rate integration took effect in 1997 by attempting to incorporate rates with those of its mainland operations.⁶⁵ The rates established by MTC, as the dominant off-island service provider, serve as the benchmark integration rate for the handful of small competitors that offer long distance services in the Commonwealth and, in effect, “disciplines the marketplace.” The sale of MTC to PTI poses the very real threat that the benchmark rate (along with important product offerings) established by MTC will be abandoned and domestic, interexchange rates for basic services to the mainland U.S. will increase. If this occurs, rate integration would be undermined in the Commonwealth.

Were the loss of a benchmark integration rate for the Commonwealth to compromise the rate integration policy, significant public interest benefits would be lost. Approximately 66,611 U.S. citizens in the Commonwealth now benefit from, and depend upon, Verizon calling plans and comparatively low per minute pricing. Since the implementation of rate integration in the Commonwealth in 1997, per minute rates for calls between the Commonwealth and other U.S. points have fallen drastically to a small fraction of their pre-integrated levels.⁶⁶ The Commission itself forecasted just before rate integration was implemented in the Pacific insular areas that

⁶⁵ See *infra* at note 66. In large measure, this has been due to the fact that the company 1) has a mainland U.S. operation and rate base; and 2) has established telecommunications technical and managerial expertise. PTI, by contrast, lacks both of these characteristics.

⁶⁶ For example, AT&T’s first minute standard residential dial station rate to the Commonwealth dropped from \$2.15 to \$.29. See *In re* Policy and Rules Concerning the Interstate, Interexchange Marketplace, Implementation of Section 254(g) of the Communications Act of 1934, as amended, *First Memorandum Opinion and Order on Reconsideration*, 12 FCC Rcd. 11812, 11828, para.32, n.90 (1997) (“*First Memorandum Opinion and Order on Reconsideration*”).

“subscribers in these points will experience significant benefits from rate integration.”⁶⁷ The loss or erosion of integrated rates would harm consumers⁶⁸ and businesses; setback the close commercial and social ties which integrated rates have facilitated between the Commonwealth and mainland U.S.; and weaken usage of telemedicine, distance learning and Internet service in the Commonwealth.

The proposed transaction has the very real potential to result in the loss of important products and services in the Commonwealth as well as comparatively low per minute rates, in contravention of Section 254(g). Thus, it is not in the public interest.

⁶⁷ *Id.*

⁶⁸ The impact would be acute as *per capita* income levels in the Commonwealth are among the lowest in the Nation. *See* Exhibit at 3.

V. CONCLUSION

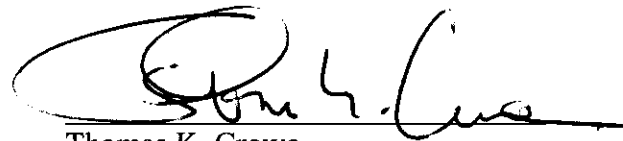
For the foregoing reasons, the Commission must deny the Petition and the Applications, or, alternatively, designate the matter for hearing.

Respectfully submitted,

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OF THE NORTHERN MARIANA
ISLANDS

June 17, 2002

EXHIBIT

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

I. Background

A. Political Relationship with the United States

In 1947, the Commonwealth became part of the United Nations' Trust Territory of the Pacific Islands ("TTPI"), which was administered by the United States until 1976¹ when the "Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States" was approved by both a United Nations supervised plebiscite of Commonwealth residents and subsequently by Congress.² The Commonwealth is now a self-governing commonwealth in political union and under the sovereignty of the United States. Pursuant to Presidential Proclamation No. 5564 (implemented on November 3, 1986), all persons born in the Commonwealth both before and after the Covenant took affect are citizens of the United States.³ The TTPI was officially terminated on December 22, 1990 by the Security Council of the United Nations.

B. Government

The Commonwealth adopted its own constitution in 1977.⁴ The constitution provides for a governmental system analogous to that of a typical American state: the executive branch is represented by the Governor and Lieutenant Governor, the legislative branch by a House of Representatives (18 members) and a Senate (9 members), and the judiciary by the Superior Court and the Supreme Court.⁵ Both the current Governor, Juan

¹ U.S. Department of the Interior, Office of Insular Affairs website, <http://www.doi.gov/oia/facts2000.html> (visited May 24, 2002) ("OIA website").

² See 48 U.S.C. § 1801 note (Supp. 1999), approved by Congress in Public Law 94-241 (March 24, 1976), 90 Stat. 263 ("Covenant"). Under the Covenant, the United States has a special obligation to assist the Commonwealth in achieving economic development. Section 701 of the Covenant states that "[T]he Government of the United States will assist the Government of the Northern Mariana Islands in its efforts to achieve a progressively higher standard of living for its people as part of the American economic community and to develop economic resources needed to meet the financial responsibilities of local self government."

³ See OIA website.

⁴ *Id.*

⁵ *Id.*

N. Babauta, and the Lieutenant Governor, Diego T. Benavente, began their term in office on January 14, 2002.⁶ There is also a federal judicial presence in the Commonwealth, the U.S. District Court for the District of the Northern Mariana Islands.⁷

C. Location

The Commonwealth is a three-hundred mile archipelago consisting of 14 islands (Saipan, Rota, Tinian, Aguiguan, Farallon de Medinilla, Anatahan, Sariguan, Guguan, Alamagan, Pagan, Agrihan, Asuncion, Maug Islands, and Farallon de Pajaro) with a total land area of 183.5 square miles, or slightly larger than 2.5 times the size of the District of Columbia.⁸ Virtually all of the Commonwealth's population resides on the islands of Saipan, Tinian and Rota. The Commonwealth is 3,300 miles from Honolulu; 5,625 miles from San Francisco; 1,272 miles from Tokyo, Japan; and 3,090 miles from Sydney, Australia.⁹

D. Culture

The Commonwealth is a culturally diverse and vibrant area. While the people are chiefly of Chamorro and Carolinian descent,¹⁰ today the population reflects numerous other ethnic groups, including many people from Asia and individuals from Micronesian countries.¹¹ While the official language is English, the native Chamorro and Carolinian languages are spoken as well.¹² Spanish and Japanese cultural influences are also evident.¹³ The dominant religion in the Commonwealth is Catholicism.¹⁴

⁶ See OIA Website.

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ U.S. Dept. of the Interior, Office of Insular Affairs, A Report on the State of the Islands, at 24 (1999).

¹¹ See Commonwealth of the Northern Mariana Islands Web-site, <http://www.mariana-islands.gov.mp/people.htm> (visited May 24, 2002) ("Commonwealth website").

¹² *Id.*

¹³ See OIA website.

¹⁴ See Commonwealth website.

E. Demographic Characteristics

The Census Bureau estimates that as of April 1, 2000 the population of the Commonwealth was approximately 66,611 people.¹⁵ Using data collected in 1995, 86.7% of the population (52,698 people) lived on the main island of Saipan, 8.2% (3,509 people) lived on the island of Rota, and 5.1% (2,631 people) lived on the island of Tinian.¹⁶ Also using 1995 data, the median household income in the Commonwealth is \$19,091 per year,¹⁷ while *per capita* income is \$6,450 per year.¹⁸

II. Telecommunications Market and Environment

A. Domestic U.S. Integration

In recent years the Commonwealth has become more closely integrated into the U.S. domestic telecommunications infrastructure. The Commonwealth became a part of the North American Numbering Plan on July 1, 1997 and was assigned the “670” domestic area code.¹⁹ Since September 1, 1997, the Commonwealth has also been encompassed under the Commission’s rate integration policy.²⁰

¹⁵ See Census 2000 Results for the Island Areas, <http://www.census.gov/population/www/cen2000/islandareas.html> (visited May 24, 2002).

¹⁶ Dept. of Commerce-Central Statistics Division, Commonwealth of the Northern Mariana Islands, 2000 Commonwealth of the Northern Mariana Islands Statistical Yearbook (“Commonwealth Statistical Yearbook”), at 4 (August 2001).

¹⁷ *Id.* at 62.

¹⁸ *Id.* at 62.

¹⁹ See *In re* Federal-State Joint Board on Universal Service, *Report and Order*, 12 FCC Rcd. 8776, 8996 at n. 1058 (1997)(citing to North American Numbering Plan Planning Letter, NANP-Introduction of New 670 (CNMI) Numbering Plan Area (NPA), PL-NANP-010 (Sept. 5, 1996)).

²⁰ *In re* Policy and Rules concerning the Interstate, Interexchange Marketplace, Implementation of Section 254(g) of the Communications Act of 1934, as amended, *Report and Order*, 11 FCC Rcd. 9564 (1996), *recon. denied by Memorandum Opinion and Order*, 12 FCC Rcd. 11548 (1997), *modified by First Memorandum Opinion and Order on Reconsideration*, 12 FCC Rcd. 11812 (1997), *partially stayed by Order*, 12 FCC Rcd. 15739 (1997), *denied in part, granted in part and remanded by* GTE Service Corp. v. FCC, 224 F.3d 786 (D.C. Cir. 2000).

B. Telecommunications Companies

Micronesian Telecommunications Corporation (“MTC”) and its subsidiary, GTE Pacifica, provide the vast majority of telecommunications services both within and to destinations outside of the Commonwealth. MTC is the sole provider of local telecommunications services. GTE Pacifica and MTC (collectively, “Verizon Affiliates”) are both affiliates of Verizon Communications, Inc. (“Verizon Communications”). Verizon Communications and its affiliates, collectively, are the largest providers of wireline and wireless communications in the United States, with nearly 134 million access line equivalents and over 29 million wireless customers.²¹

C. Competition

1. Local Services

There is no competition in the local telecommunications market. MTC is the sole provider of local exchange service and exchange access service.

2. Off-Island Long Distance Services

Competition in the provision of off-island services is very limited as GTE Pacifica is the dominant service provider. The Verizon Affiliates essentially control access off the islands by means of their ownership of the sole submarine fiber optic cable connecting the Commonwealth islands of Saipan, Tinian and Rota with Guam (and, in turn, with various submarine cables connecting Guam with the rest of the world).²² The Verizon Affiliates also control essential multi-purpose earth station facilities necessary to reach the Pacific region’s INTELSAT satellites.²³

²¹ See <http://investor.verizon.com/profile/index.html> (visited June 3, 2002).

²² *In re* Micronesian Telecommunications Corporation Application for a License to Land and Operate a High Capacity Digital Submarine Cable System Extending Between the Commonwealth of the Northern Mariana Islands and Guam, *Cable Landing License*, 8 FCC Rcd. 748 (1993); and *In re* Micronesian Telecommunications Corporation and GTE Pacifica Incorporated, Application, ITC 97-778-AL (Dec. 11, 1997).

²³ *In re* Micronesian Telecommunications Corporation Application for Section 214 Authority to Acquire from Comsat Earth Stations, Inc., *Memorandum Opinion, Order and Authorization*, 3 FCC Rcd. 1617 (1988).

D. Penetration Rate

According to U.S. Department of the Interior statistics, the overall telephone penetration rate in the Commonwealth in 1995 was 61%, far below the U.S. average.²⁴ While the penetration rate on Saipan (the most populous island) was 62% in 1995, penetration on the other two populated islands, Rota and Tinian, was only 53.3% and 52.1%, respectively, in 1995.²⁵

III. Health Care

A. Overview

The Department of Public Health, operated by the Commonwealth government, is the sole provider of comprehensive health care services in the Commonwealth.²⁶ The primary health care facility in the Commonwealth is the Commonwealth Health Center, a 74-bed, two-level hospital located on Saipan that provides medicine and treatment, dentistry, nursing and other ancillary services.²⁷ The Commonwealth Government also maintains two smaller facilities, one on Tinian and another on Rota.²⁸ Each of these smaller health care units provides emergency care, 2-3 beds, x-ray, pharmacy and dental services.²⁹ While several small, private medical and dental clinics exist on Saipan, there are no such facilities on any other Commonwealth island.³⁰

B. Problems in Health Infrastructure

As a geographically distant commonwealth with a low per capita income rate, the Commonwealth has traditionally had difficulties in dealing with increased health care costs,

²⁴ See A Report on the State of the Islands, at 117.

²⁵ Dept. of Commerce-Central Statistics Division, Commonwealth of the Northern Mariana Islands, 1996 Commonwealth of the Northern Mariana Islands Statistical Yearbook, at 96 (November 1997).

²⁶ See OIA website.

²⁷ See Commonwealth Health Center website, <http://www.medicine-saipan.com> (May 24, 2002).

²⁸ See A Report on the State of the Islands, at 31.

²⁹ *Id.*

³⁰ *Id.*

despite aid from federal agencies such as the U.S. Public Health Service and the Department of the Interior.³¹ By law, the Commonwealth health care system must provide service for everyone, regardless of their ability to pay for such services.³² Off-island referrals to Hawaii and other mainland areas are often necessary due to the lack of specialists and equipment in the Commonwealth, making the provision of health care services expensive. The lack of access to specialists and adequately trained personnel in the Commonwealth, compounded by the fact that it is more expensive to offer specialized medical services on the islands than on the mainland U.S., have made the health care situation that much more desperate.³³ If the Commonwealth is to continue the provision of health care service at its present quality level it will need significant assistance from the U.S. government.³⁴

³¹ See A Report on the State of the Islands, at 31

³² *Id.*

³³ *Id.*

³⁴ *Id.*

CERTIFICATE OF SERVICE

I, Monica S. Amato, a legal assistant with the Law Offices of Thomas K. Crowe, P.C., certify that on June 17, 2002, a copy of the foregoing *Petition Of The Office Of The Governor of The Commonwealth Of The Northern Mariana Islands To Deny, Or In The Alternative, To Designate For Hearing* was served by first class United States mail, postage prepaid, or by hand delivery where indicated by an asterisk (*), upon the parties listed below.

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